



BILLING CODE (3410-XY-U)

DEPARTMENT OF AGRICULTURE

Rural Business-Cooperative Service

Guarantee Fee Rates for Guaranteed Loans for Fiscal Year 2012;

Maximum Portion of Guarantee Authority Available for Fiscal Year 2012;

Annual Renewal Fee for Fiscal Year 2012

AGENCY: Rural Business-Cooperative Service, USDA.

ACTION: Notice.

SUMMARY: As set forth in 7 CFR 4279.107(b), the Agency has the authority to charge an annual renewal fee for loans made under the Business and Industry (B&I) Guaranteed Loan Program. Pursuant to that authority, the Agency is establishing the renewal fee rate at one-fourth of 1 percent for the B&I Guaranteed Loan Program. This rate will apply to all loans obligated in Fiscal Year 2012 that are made under the B&I program. As established in 7 CFR 4279.107, the amount of the fee on each guaranteed loan will be determined by multiplying the fee rate by the outstanding principal loan balance as of December 31, multiplied by the percent of guarantee.

The Agency has been authorized by the 2012 Appropriations Bill to charge a maximum of 3 percent for its guarantee fee for Fiscal Year 2012. As such, the guarantee fee for Fiscal Year 2012 will be 3 percent.

As set forth in 7 CFR 4279.107(a) and 4279.119(b)(4), each fiscal year the Agency shall establish a limit on the maximum portion of B&I guarantee authority available for that fiscal year that may be used to guarantee loans with a reduced guarantee fee or guaranteed loans with a guarantee percentage exceeding 80 percent.

Allowing a reduced guarantee fee or exceeding the 80 percent guarantee on certain B&I guaranteed loans that meet the conditions set forth in 7 CFR 4279.107 and 4279.119 will increase the Agency's ability to focus guarantee assistance on projects that the Agency has found particularly meritorious. For reduced guarantee fees, the borrower's business must support value-added agriculture and result in farmers benefiting financially or must be a high impact business investment as defined in 7 CFR 4279.155(b)(5) and be located in rural communities that remain persistently poor, that experience long-term population decline and job deterioration, that are experiencing trauma as a result of natural disaster, or that are experiencing fundamental structural changes in its economic base. For guaranteed loans exceeding 80 percent, such projects must be a high-priority project in accordance with 7 CFR 4279.155 (and meet the other requirements of 7 CFR 4279.119(b)).

Not more than 12 percent of the Agency's quarterly apportioned B&I guarantee authority will be reserved for loan requests with a reduced guarantee fee, and not more than 15 percent of the Agency's quarterly apportioned guarantee authority will be reserved for guaranteed loan requests with a guarantee percentage exceeding 80 percent. Once the respective quarterly limits are reached, all additional loans for that quarter will be at the standard fee and guarantee limits.

EFFECTIVE DATE: [Insert date of publication in the FEDERAL REGISTER]

FOR FURTHER INFORMATION CONTACT:

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SUPPLEMENTARY INFORMATION:

This action has been reviewed and determined not to be a rule or regulation as defined in Executive Order 12866, as amended by Executive Order 13258.

_____, January 27, 2012 _____

JUDITH A. CANALES

Date

Administrator

Rural Business-Cooperative Service

[FR Doc. 2012-2559 Filed 02/03/2012 at 8:45 am; Publication Date: 02/06/2012]